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AZ CCRP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER TONOPAH,
INC., AN ARIZONA CORPORATION, FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. W-02450A-06-0626

IN THE MATTER OF THE APPLICATION OF
HASSAYAMPA UTILITY COMPANY, INC.,
AN ARIZONA CORPORATION, FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. SW-02422A-06-0566

REVISED RESPONSE TO STAFF REPORT

The Water Utility of Greater Tonopah (“WUGT”) and Hassayampa Utility Company, Inc. (“HUC”) (collectively “Global Utilities”) respectfully submit a revised Response to Staff Report in this matter. This Revised Response replaces the Response to Staff Report filed on October 12, 2007. The Global Utilities also are submitting information identified in the November 14, 2007, Procedural Order with regard to the Supplemental Staff Report to be filed on December 10, 2007.

I. Response to September 28, 2007 Staff Report regarding HUC.

A. Condition No. 2 (Franchise).

This condition is no longer necessary because HUC filed proof of the required franchises in this docket on October 26, 2007.

Arizona Corporation Commission
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1 **B. Condition No. 3 (Water Reclamation Facility ATC).**

2 **1. Summary.**

3 This condition requires HUC to obtain an “Approval to Construct” or “ATC” for the
4 planned Campus 1 Water Reclamation Facility (“WRF”) – the WRF located in the Hassayampa
5 Ranch development. Although HUC previously requested modification of this condition, HUC is
6 now withdrawing the request for modification of the condition in light of its discussions with
7 Staff. Although HUC is still proposing a regional plan for service to this requested CC&N area,
8 consistent with the 208 Plan that has been recommended by the Maricopa Association of
9 Governments (“MAG”), HUC intends to seek approvals for the Campus 1 WRF as set forth in its
10 original September 5, 2006 engineering memorandum submitted as part of the Application in this
11 docket. Therefore, HUC is also withdrawing the revised engineering memorandum submitted in
12 this docket on November 5, 2007 (as corrected on November 15, 2007).

13 **2. Proposed HUC Service Plan for CC&N Extension Area.**

14 The original September 5, 2006 engineering memorandum contemplates a regional
15 approach to the development of water reclamation facilities. While there has been significant
16 discussion over the timing and sequence of the three facilities specifically identified in the
17 September 5, 2006 memorandum, the servicing concept always included the potential for
18 construction of lift stations in advance of treatment facilities depending on the rate and location of
19 growth.

20 This approach is also consistent with the MAG 208 Plan amendments for the area.
21 However, Buckeye’s now-rescinded objections to the necessary MAG 208 Plan amendments,
22 including the Hassayampa Ranch Water Reclamation facility (“HRWRF”), delayed approval of the
23 necessary MAG 208 amendments for almost two and a half years. The significant delay in the
24 MAG 208 Plan amendment process has resulted in delays associated with the ability to meet
25 timelines for the entire area, including permitting and development activities for the Hassayampa
26 Ranch development, as well as the other developments within the requested CC&N extension.

In light of these facts and in an effort to effectuate its regional plan in a manner to accommodate the large and dynamic development landscape in the CC&N extension area, HUC submitted a response to the September 28, 2007 Staff Report requesting latitude and flexibility with the location and timing of the infrastructure to be built to service the extension area requested in Docket 06-0566. In response to discussions with Staff, HUC then submitted a revised engineering service memorandum (dated November 5, 2007) to support HUC's requested modifications to certain proposed conditions included related to construction of WRFs.

HUC met with Staff after the submission of the November 5, 2007 engineering report. Staff continued to express interest in understanding which WRF would be constructed first. During the discussions, Staff suggested that HUC contact the developers requesting service in this docket and revisit its servicing plan in order to assess HUC's ability to comply with Decision 68922, which requires an ATC for the HRWRF by July 31, 2008, or whether HUC believed another WRF would be constructed first.

In order to clarify and update its servicing plan, HUC discussed options internally and with the land owners/developers and has decided that the original *September 5, 2006 engineering servicing memorandum is still valid*. With ADEQ approval of the 208 Plan amendments due in the next month, permitting activities (APP, AzPDES, SUP, ATC), as well as development related activities such as platting, can resume in early 2008.

3. Overview of HUC Service Planning.

Finally, in order to provide context for HUC's revised position, HUC has set forth below an overview of the evolution of its planned wastewater treatment service for the entire CC&N area, including the interplay of the MAG 208 process with the CC&N process.

a. Initial HUC CC&N

On September, 19 2005, Hassayampa Utility Company ("HUC") filed an application for a new CC&N to serve the Hassayampa Ranch development, comprising approximately 2050 acres. This application (Docket 05-0659) was approved by the Commission in Decision No. 68922 on August 26, 2006. As a condition of this CC&N approval, HUC was to file an approved MAG 208

1 Water Quality Management Plan (“MAG 208 Plan”) identifying the Hassayampa Ranch Water
2 Reclamation Facility (“HRWRF”) as the treatment facility for the development.

3 HUC had in fact submitted its application for a MAG 208 Plan amendment in June 2005.
4 However, due to the proximity of the Town of Buckeye (“Buckeye”) to the proposed MAG 208
5 Plan amendment area, Maricopa County Environmental Services Department (“MCESD”)
6 required that a “Letter of No Objection” be obtained from Buckeye prior to sponsorship. At the
7 time, Buckeye had significant annexation plans in the area and would not provide the Letter of No
8 Objection. As discussed below, Buckeye’s position effectively stalled the MAG 208 Plan
9 amendment activity – precluding its completion until late 2007.

10 **b. Current HUC/WUGT Application for CC&N Expansion**

11 In late 2005/early 2006, HUC was approached by a number of larger developers in the
12 West Valley, most notably Belmont, who requested HUC participate in providing integrated water,
13 wastewater and recycled water services. Concurrently, HUC’s parent company, Global Water
14 Resources (“Global”) had been in negotiations to acquire the West Maricopa Combine utilities,
15 which included WUGT, the CC&N holder for a significant portion of the area under consideration
16 by the development community.¹ This acquisition activity was completed July 11, 2006 and HUC
17 and WUGT will be able to provide integrated water, wastewater and recycled water service to the
18 developments.

19 In September 2006, HUC applied for a CC&N extension to incorporate those
20 developments requesting service (Belmont, 339th Avenue, Silver Springs Ranch, Copper Leaf,
21 etc.). As part of its Application, HUC submitted an engineering memorandum setting forth the
22 following proposed servicing schedule:²

- 23 • Year 1: The Campus 1 WRF will be operational and expanded as necessary to accept the
24 additional 0.45 MGD flows generated in the service area in Year 1. The tie-in between

25
26 ¹ WUGT was the approved water service provider for the Hassayampa Ranch development
(Decision No. 68307, dated November 14, 2005).

27 ² The timelines were based on development schedules provided by landowners/developers.

Campus 1 WRF (initially serving Hassayampa Ranch) and Belmont will be constructed. The main trunk sewer line will be constructed in the Silver Springs Ranch development to accommodate development in Silver Springs Ranch and the southern portion of Copperleaf. The majority of the sewer lines will be constructed within the 339th Avenue development.

- Year 2: The first phase of Campus 2 WRF in the 339th Avenue development will be constructed. The remaining sewer lines in the 339th Avenue development will be constructed. The sewer collection systems in the eastern Belmont area, Silver Springs Ranch, Copperleaf and Silver Water Ranch will be expanded.
- Year 3: The Campus 3 WRF in the Silver Water Ranch development will be constructed. A boring beneath I-10 will be constructed to convey wastewater from the southern portion of the Belmont development to Campus 2 WRF. The sewer collection systems in the eastern Belmont area, Silver Springs Ranch, Copperleaf and Silver Water Ranch will be expanded. The main trunk sewer line in the western portion of the Belmont development will be constructed.
- Year 4: A boring beneath I-10 boring will be constructed to convey flows from the Copperleaf development to the Campus 3 WRF in Silver Springs Ranch.
- During Years 4 and 5, the sewer collection system will be expanded in all developments (except 339th Avenue which should be completed in year 3 in line with anticipated development for these years).

c. Amended MAG 208 Plan

In June 2006, HUC prepared a revised MAG 208 Plan amendment which subsumed the original application of June 2005, and included the areas associated with the proposed developments covered by the CC&N extension in this docket. In conjunction with MCESD, this MAG 208 Plan amendment was delineated not on property boundaries, but on definable "sewer-sheds" which allowed for the greatest flexibility of treatment plant location and maximizing gravity sewer services. In order to prevent conflict with the existing Balterra Sewer Corp

1 (“Balterra”) MAG 208 Plan amendment, MCESD requested the HUC application be divided into
2 two sections: Northeast and Southwest. The Northeast MAG 208 Plan amendment included the
3 original HRWRF facility, and proposed an additional three water reclamation facilities to service
4 the region in a consolidated manner.

5 Between February 2007 and November 2007, the HUC Northeast MAG 208 Plan
6 Amendment (which includes HRWRF) proceeded through the MAG approval process, with
7 significant attempts by the Town of Buckeye to defeat or delay its approval. After an overall delay
8 of more than two years due to Buckeye’s objections (which related to water issues, not 208
9 planning issues), the Northeast 208 finally achieved MAG approval on October 24, 2007. The
10 catalyst in the reversal by Buckeye was the execution of a memorandum of understanding,
11 designed to assure shared stewardship of the water resource management of the Hassayampa Sub-
12 Basin (unrelated to 208 issues, but nonetheless important to both parties). The next step of
13 approval at the State Water Quality Working Group is scheduled for 3 December 2007, and then
14 onto ADEQ for certification early next year.

15 **d. Extension of Original HUC Compliance Dates**

16 HUC recognized that compliance items from Decision 68922 were compromised by the
17 delays caused by Buckeye’s objections to the HUC 208s - first the June 2005, then the May 2006,
18 and finally the October 2006 version. An extension request was filed April 20, 2007 and approved
19 in July 2007. The new deadline for submitting the MAG 208 Plan covering the Hassayampa
20 Ranch CC&N area is April 30 2008.

21 **e. HRWRF ATC due July 31, 2008**

22 Now that the MAG HUC NE 208 approval is on track, HUC is diligently pursuing the
23 ATC for the HRWRF and intends to submit it by its compliance date of July 31, 2008 (as required
24 by Decision No. 68922), subject to any delays at the jurisdictional authority (MCESD).

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f. Acquisition of Balterra Sewer Company

HUC's parent, Global Water, recently entered into an agreement to acquire Balterra Sewer Company, subject to Commission approval. The potential addition of this service area also affected HUC's service planning analysis between September 2006 and October 2007.

C. Condition Nos. 4 and 5.

HUC had previously requested modifications to these two conditions. However, given its position on Condition No. 3, as set forth above, HUC now agrees with this condition.

D. Condition No. 6 (previous decisions).

This condition requires that HUC follow the requirements and conditions in Decision No. 68922 (August 29, 2006), as modified by the Commission's Procedural Order dated June 18, 2007 in that docket. Although HUC may be required to file the same proof of compliance for each Decision, HUC does not object to this condition.

II. Supplemental Comments to July 23, 2007 Staff Report regarding WUGT.

As previously set forth in the October 12, 2007 Response to Staff Report, WUGT reiterates the following additional points regarding the July 23, 2007 Staff Report on the WUGT CC&N extension. Regarding the first condition, the concept is fine, but the wording does have a minor technical problem. The phrase “stating that there is adequate water for the area being requested” does not match the wording used by ADWR in its DAWS. The DAWS will instead mention a specific quantity of water. However, the DAWS will typically include a reference to the Commission Decision Number(s) that it applies to. The quoted language should be replaced with “relating to this CC&N extension.” In addition, WUGT requests the flexibility to submit either a DAWS or a Certificate of Assured Water Supply (“CAWS”).

Regarding Condition 3, as noted in WUGT's August 6, 2007 response, WUGT requests that the deadline be set at three years. In addition, WUGT has discovered a potential ambiguity in

1 this condition regarding the definition of "Phase I". Staff's engineering memorandum refers to
2 Phase I on page 4, and notes that certain facilities are anticipated to be operational in 2009, and
3 other facilities in Phase I are expected to be operational by 2012 (e.g. the surface water treatment
4 plant). The 2009 facilities may be referred to as "Phase I.A" and the 2012 facilities as "Phase I.B."
5 The staff report recommends that an AOC be filed for Phase I within two years. WUGT believes
6 that Staff is referring to Phase I.A, because Phase I.B will not be operational until 2012. Thus, this
7 condition should be clarified. And again, WUGT requests that the deadline for AOC for Phase I.A
8 be three years, not two years.

9

10 **III. Information Responding to November 14, 2007 Procedural Order.**

11 HUC and WUGT submit the following information in response to the November 14, 2007
12 procedural order.

- 13 1. HUC and WUGT are in compliance with Decision Nos. 68922 and 68307, respectively.
14 2. HUC has no infrastructure permitted, constructed or operating in the original CC&N
15 area due to the substantive delays in the MAG 208 process. To date, no hard infrastructure has
16 been installed, and the number of customers in the original CC&N is zero.

17 RESPECTFULLY SUBMITTED this 27th day of November 2007.

18 ROSHKA DEWULF & PATTEN, PLC

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